

**LAFAYETTE PUBLIC TRUST
FINANCING AUTHORITY**
Lafayette, Louisiana

Financial Report

Year Ended March 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

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INDEPENDENT AUDITORS' REPORT

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• A PROFESSIONAL CORPORATION

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+RETIRED

The Board of Trustees
Lafayette Public Trust Financing Authority
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafayette Public Trust Financing Authority (Authority), a component unit of the Lafayette Consolidated Government, Lafayette, Louisiana, primary government, as of and for the year ended March 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Trustees of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.



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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lafayette Public Trust Financing Authority as of March 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 30, 2010 on our consideration of Lafayette Public Trust Financing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Lafayette Public Trust Financing Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
September 30, 2010

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Net Assets
March 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Current:	
Cash and interest-bearing deposits	\$ 3,370,525
Investments	89,569,453
Accrued interest - investments	<u>206,097</u>
Total current assets	<u>93,146,075</u>
Noncurrent assets:	
Notes receivable	944,760
Capital assets - land	<u>315,674</u>
Total noncurrent assets	<u>1,260,434</u>
Total assets	<u>\$94,406,509</u>
LIABILITIES	
Single family mortgage revenue bonds payable	\$68,187,000
Less: Unamortized bond issuance cost	(829,883)
Unaccreted bond discount	(77,500)
Add: Unamortized premium	<u>1,916,814</u>
Total single family mortgage bonds outstanding	69,196,431
Accounts payable	12,000
Accrued interest on bonds	<u>196,025</u>
Total liabilities	<u>\$69,404,456</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 315,674
Restricted	2,510,479
Unrestricted	<u>22,175,900</u>
Total net assets	<u>\$25,002,053</u>

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Statement of Activities
For the Year Ended March 31, 2010

Activities	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Governmental	Activities
Governmental activities:				
General government	\$1,437,392	\$ -	\$ (1,437,392)	
Interest on long-term debt	<u>2,347,924</u>	-	<u>(2,347,924)</u>	
Total governmental activities	<u>\$3,785,316</u>	<u>\$ -</u>	<u>(3,785,316)</u>	
General revenues:				
Interest and investment earnings			4,273,649	
Interest previously accrued on notes receivable converted to principal			(33,674)	
Miscellaneous income			<u>7,500</u>	
Total general revenues			<u>4,247,475</u>	
Change in net assets			462,159	
Net assets - April 1, 2009			<u>24,539,893</u>	
Net assets - March 31, 2010			<u>\$25,002,052</u>	

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Balance Sheet - Governmental Funds
March 31, 2010

	<u>General</u>	<u>Series 2007 Bonds</u>	<u>Series 2007A Bonds</u>	<u>Series 2009 GSE Bonds</u>	<u>Total</u>
ASSETS					
Current:					
Cash and interest-bearing deposits	\$ 3,370,525	\$ -	\$ -	\$ -	\$ 3,370,525
Investments	17,872,615	23,647,630	23,011,707	25,037,501	89,569,453
Notes receivable	944,760	-	-	-	944,760
Accrued interest receivable	-	100,331	105,766	-	206,097
Total assets	<u>\$22,187,900</u>	<u>\$23,747,961</u>	<u>\$23,117,473</u>	<u>\$25,037,501</u>	<u>\$ 94,090,835</u>
LIABILITIES AND FUND BALANCE					
Current liabilities:					
Accounts payable	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Fund balance:					
Reserved for debt service	-	23,747,961	23,117,473	25,037,501	71,902,935
Unreserved, designated	22,175,900	-	-	-	22,175,900
Total fund equity	<u>22,175,900</u>	<u>23,747,961</u>	<u>23,117,473</u>	<u>25,037,501</u>	<u>94,078,835</u>
Total liabilities and fund balance	<u>\$22,187,900</u>	<u>\$23,747,961</u>	<u>\$23,117,473</u>	<u>\$25,037,501</u>	<u>\$ 94,090,835</u>

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
March 31, 2010**

Total fund balance for the governmental fund at March 31, 2010 **\$94,078,835**

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land **315,674**

Long-term liabilities at March 31, 2010:

Revenue Bonds Payable, net of unamortized issuance costs	\$(67,357,117)	
Unaccreted Bond Discount	77,500	
Unamortized Bond Premium	(1,916,815)	
Accrued Interest Payable	(196,025)	(69,392,457)

Total net assets of governmental activities at March 31, 2010 **\$25,002,052**

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
Year Ended March 31, 2010**

	General	Series 2007 Bonds	Series 2007A Bonds	Series 2009 GSE Bonds	Total
Revenues:					
Interest on interest-bearing deposits and investments	\$ 99,965	\$ 1,359,030	\$ 1,368,222	\$ -	\$ 2,827,217
Increase (decrease) in fair value of investments	836,662	201,535	408,235	-	1,446,432
Miscellaneous Income	7,500	-	-	-	7,500
Total revenues	944,127	1,560,565	1,776,457	-	4,281,149
Expenditures:					
Current -					
General government:					
Legal fees	5,192	-	-	-	5,192
Accounting and auditing	12,000	-	-	-	12,000
Grant awards	125,000	-	-	-	125,000
Professional Fees	5,000	8,537	7,975	-	21,512
Miscellaneous	20,301	1,500	1,888	-	23,689
Capital outlay					
Appropriation - Lafayette Consolidated Government -					
First Time Home Buyers Program	1,250,000	-	-	-	1,250,000
Debt service -					
Principal	-	5,435,000	3,085,000	-	8,520,000
Interest	-	1,311,003	1,316,297	-	2,627,300
Issuance costs	-	-	-	205,000	205,000
Total expenditures	1,417,493	6,756,040	4,411,160	205,000	12,789,693
Deficiency of revenues over expenditures	(473,366)	(5,195,475)	(2,634,703)	(205,000)	(8,508,544)
Other financing sources:					
Transfers in	108,981	-	-	320,001	428,982
Transfers out	(320,001)	-	(108,981)	-	(428,982)
Proceeds from the issuance of bonds	-	-	-	24,922,500	24,922,500
Total other financing sources	(211,020)	-	(108,981)	25,242,501	24,922,500
Excess deficiency of revenues and other sources over expenditures and other uses	(684,386)	(5,195,475)	(2,743,684)	25,037,501	16,413,956
Fund balance, beginning	22,860,286	28,943,436	25,861,157	-	77,664,879
Fund balance, ending	\$ 22,175,900	\$ 23,747,961	\$ 23,117,473	\$ 25,037,501	\$ 94,078,835

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
Year Ended March 31, 2010**

Total net changes in fund balance at March 31, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$16,413,956
The change in net assets reported for governmental activities in the statement of activities is different because:	
Difference between interest income on note on modified accrual basis versus interest on note on accrual basis.	(33,674)
Bond principal retirement considered as an expenditure on Statement of Revenues, Expenditures and Changes in Fund Balances whereas the payment reduces the balance of bonds payable on the Statement of Net Assets.	8,520,000
Proceeds from issuance of bonds considered as an other financing source on Statement of Revenues, Expenditures and Changes in Fund Balances but as a long-term liability on the Statement of Net Assets.	(24,922,500)
Monies received as bond premium is included as an other financing source on the Statement of Revenues, Expenditures and Changes in Fund Balances, whereas the bond premium is deferred and amortized over the life of the bonds on the Statement of Activities.	371,980
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of the difference in treatment of issuance costs.	123,142
Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on an accrual basis.	<u>(10,745)</u>
Total changes in net assets at March 31, 2010 per Statement of Activities	<u>\$ 462,159</u>

The accompanying notes are an integral part of the basic financial statements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Lafayette Public Trust Financing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Lafayette Public Trust Financing Authority (Authority) is a political subdivision of the state of Louisiana. The Authority was formed as a public trust on January 16, 1979 pursuant to Chapter 2-A of Title 9 of the Louisiana revised statutes. The beneficiary of the trust is the Lafayette City-Parish Consolidated Government, Lafayette, Louisiana. The Authority was created for the purpose of providing financing for residential facilities to low and moderate income families within the Parish of Lafayette. The Authority's governing body is comprised of a board of five trustees.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, Audits of State and Local Governmental Units.

For financial reporting purposes, the Authority includes all funds and activities that are controlled by the Authority as an independent political subdivision of the State of Louisiana. The Authority is a component unit of the Lafayette Consolidated Government, the primary government. Although legally separate from the Lafayette Consolidated Government, the following factors were considered in deciding that the Authority is a component unit of the Lafayette Consolidated Government, Lafayette, Louisiana:

1. The trustees of the Authority shall be appointed by the governing authority of the Lafayette Consolidated Government.
2. All proposed by-laws and any amendments thereto need to be approved by the governing authority of the Lafayette Consolidated Government.
3. No debt obligations may be issued or moneys borrowed without the prior consent of the governing authority of the Lafayette Consolidated Government.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity (Continued)

4. No bonds of the Trust shall be delivered without the prior approval of the governing authority of the Lafayette Consolidated Government.

This report includes the component unit financial statements of the Lafayette Public Trust Financing Authority, which does not include the oversight unit (Lafayette Consolidated Government) financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. At March 31, 2010 the Authority does not have business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Authority and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

B. Basis of Presentation (Continued)

Funds of the Authority are classified as governmental funds. Governmental funds account for the Authority's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the Authority include:

General Fund—the general operating fund of the Authority and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds— account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental are at least 10 percent of the corresponding total for all funds of that category or type: and
- b. Total assets, liabilities, revenues, or expenditures of the individual governmental are at least 5 percent of the corresponding total for all governmental funds combined.

The major funds of the Authority are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Series 2007 Bond Fund

To account for the proceeds of the Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 in the amount of \$28,800,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

B. Basis of Presentation (Continued)

Series 2007A Bond Fund

To account for the proceeds of the Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 in the amount of \$25,000,000.

Series 2009 GSE Bond Fund

To account for the proceeds of the GSE Program Single Family Small Issue Mortgage Revenue Bonds, dated December 21, 2009 in the amount of \$25,000,000.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

On the government-wide statement of net assets and the statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

C. Measurement Focus/Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

Statutes authorize the Lafayette Public Trust Financing Authority to invest in certificates of deposit, repurchase agreements, passbook savings accounts, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount of those funds. In addition, the Lafayette Public Trust Financing Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. Investments are stated at fair value.

Restricted assets

Restricted assets are those assets that are legally restricted as to their use. All special revenue fund assets of the Authority are restricted.

Capital Assets

Capital assets, which include property, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Authority maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

D. Assets, Liabilities and Equity (Continued)

At March 31, 2010, the Authority did not report any depreciable capital assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term debt

All long-term debt to be repaid from governmental resources is reported as a liability in the government-wide statements. The long-term debt consists of single-family mortgage revenue bonds payable including the unamortized premium.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Compensated absences

The Authority had no employees during the year ended March 31, 2010; therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

Equity classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

D. Assets, Liabilities and Equity (Continued)

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Revenues, Expenditures, and Expenses

Revenues

Revenues include interest earned on cash deposits and investments, increase (decrease) in fair value of investments, and fees earned.

Expenditures

In the government-wide financial statements, expenses are classified by function and in the fund financial statements, expenditures are classified by character.

General government expenditures include all operating expenditures of the Authority and debt service expenditures include the principal, interest, and associated cost with the bond issues.

Other Financing Sources

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses). Proceeds from the issuance of bonds and premiums are accounted for as other financing sources.

F. Amortization

Amortization of bond issue costs is based on the total outstanding bonds divided by the sum of the bonds outstanding as of the beginning of the present year. This method does not materially differ from the interest method required by generally accepted accounting principles.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

A. 2007 Bond Issue (\$28,800,000)

The accounts to be held by the Trustee are as follows:

Program Fund -

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds.

Acquisition Account, including the Downpayment Assistance Subaccount

This account along with the Downpayment Assistance subaccount of the Acquisition account is used account for the initial purchase of securities with the proceeds of the issuance of the bonds.

Administrative Account

The Administrative account is used to account for the payment of program expenses when due. If at any time there is in excess of \$25,000 in the account, the Authority may withdraw such excess and use such amounts for any lawful purpose of the Authority.

Revenue Fund -

The Revenue Fund will account for all pledged revenues excluding mortgage repayments and principal prepayments, which shall be deposited directly to the Redemption account of the Bond Fund, and any income or interest earned by any fund or account other than the Rebate Fund and the Cost of Issuance account. Monies shall be transferred as follows: (a) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, there shall be transferred into the Interest Payment Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the bonds due on such interest payment date or date of redemption of all or a portion of the bonds, (b) to the Rebate Fund, 6.47% of the total interest revenue received from the initial investment agreement or such different amount at the direction of the Authority if and to the extent required by the Rebate Analyst; (c) on the business day preceding each interest date, after providing for the aforementioned payments, to the Administrative account of the Program Fund one-sixth (1/6th) of the amount necessary to pay the trustee's fee, the rebate analyst's fee and the program expense fee due and payable on each June 1 and December 1, to the extent sufficient funds are not already on deposit therein; and (d) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, the excess revenues, if any, for such interest payment date shall be transferred into the Redemption account of the Bond Fund for distribution to the Bondholders pursuant to a mandatory redemption of the bonds as provided in the indenture.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (Continued)

In the event of any deficiency in the amount required to pay the principal of or interest on the bonds on any interest payment date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority: first, the Short-Term Reserve Fund, then the Revenue Fund, then the Administrative account of the Program Fund and then the Redemption account of the Bond Fund but only if no notice of redemption has been given.

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

Bond Fund -

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal of and interest due on the bonds on each interest payment date.

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture.

Short-Term Reserve Fund -

Moneys in the Short-Term Reserve Fund will be used if required: (i) to pay the accrued interest portion of the Certificate Purchase Price of each GNMA Security, Fannie Mae Security and FHLMC Security; (ii) to pay a portion of the applicable Certificate Purchase Price of GNMA Securities, Fannie Mae Securities and FHLMC Securities; (iii) while amounts are on deposit in the Acquisition account of the Program Fund, to pay principal and interest on the bonds when due to the extent other pledged revenues available therefore under the indenture are insufficient; (iv) to pay the program expenses when due to the extent other pledged revenues therefore are insufficient; and (v) to pay a portion of the redemption price of the bonds in the event of redemption due to unexpended proceeds. On the day following the interest payment date next succeeding the date on which no amounts remain on deposit in the Acquisition account of the Program Fund, the Trustee shall withdraw from the Short-Term Reserve Fund amounts, if any, on deposit therein and transfer such amounts to the Authority, free and clear of the lien of the indenture, but only upon receipt by the Authority of written confirmation from Moody's that such transfer will not adversely affect the rating on the bonds.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Rebate Fund -

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

B. 2007A Bond Issue (\$25,000,000)

The accounts to be held by the Trustee are as follows:

Program Fund -

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds.

Acquisition Account, including the Downpayment Assistance Subaccount

This account along with the Downpayment Assistance subaccount of the Acquisition account is used account for the initial purchase of securities with the proceeds of the issuance of the bonds.

Administrative Account

The Administrative account is used to account for the payment of program expenses when due. If at any time there is in excess of \$25,000 in the account, the Authority may withdraw such excess and use such amounts for any lawful purpose of the Authority.

Revenue Fund -

The Revenue Fund will account for all pledged revenues excluding mortgage repayments and principal prepayments, which shall be deposited directly to the Redemption account of the Bond Fund, and any income or interest earned by any fund or account other than the Rebate Fund and the Cost of Issuance account. Monies shall be transferred as follows: (a) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, there shall be transferred into the Interest Payment Fund, an amount sufficient, together with money on deposit therein, to pay the interest on the bonds due on such interest payment date or date of redemption of all or a portion of the bonds, (b) to the Rebate Fund, an amount at the direction of the Authority if and to the extent required by the Rebate Analyst; (c) on the business day preceding each interest date, after providing for the aforementioned payments, to the Administrative account of the Program Fund one-sixth (1/6th) of the amount

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
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Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (Continued)

necessary to pay the trustee's fee, the rebate analyst's fee and the program expense fee due and payable on each June 1 and December 1, to the extent sufficient funds are not already on deposit therein; and (d) on the business day preceding each interest payment date or date of redemption of all or a portion of the bonds, the excess revenues, if any, for such interest payment date shall be transferred into the Redemption account of the Bond Fund for distribution to the Bondholders pursuant to a mandatory redemption of the bonds as provided in the indenture.

In the event of any deficiency in the amount required to pay the principal of or interest on the bonds on any interest payment date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority: first, the Short-Term Reserve Fund, then the Revenue Fund, then the Administrative account of the Program Fund and then the Redemption account of the Bond Fund but only if no notice of redemption has been given.

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

Bond Fund -

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal of and interest due on the bonds on each interest payment date.

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture.

Short-Term Reserve Fund -

Moneys in the Short-Term Reserve Fund will be used if required: (i) to pay the accrued interest portion of the Certificate Purchase Price of each GNMA Security, Fannie Mae Security and FHLMC Security; (ii) to pay a portion of the applicable Certificate Purchase Price of GNMA Securities, Fannie Mae Securities and FHLMC Securities; (iii) while amounts are on deposit in the Acquisition account of the Program Fund, to pay principal and interest on the bonds when due to the extent other pledged revenues available therefore under

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Short-Term Reserve Fund (Continued)

the indenture are insufficient; (iv) to pay the program expenses when due to the extent other pledged revenues therefore are insufficient; and (v) to pay a portion of the redemption price of the bonds in the event of redemption due to unexpended proceeds. On the day following the interest payment date next succeeding the date on which no amounts remain on deposit in the Acquisition account of the Program Fund, the Trustee shall withdraw from the Short Term Reserve Fund amounts, if any, on deposit therein and transfer such amounts to the Authority, free and clear of the lien of the indenture, but only upon receipt by the Authority of written confirmation from Moody's that such transfer will not adversely affect the rating on the bonds.

Rebate Fund –

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Investment earnings on any moneys in the Rebate Fund shall be retained therein.

C. 2009 GSE Bond Issue (\$25,000,000)

The accounts to be held by the Trustee are as follows:

Program Fund –

Cost of Issuance Account

Amounts in the Costs of Issuance account are not pledged as security for the Bonds and are not available for such payments. This account is used to account for amounts paid for issuance of the bonds.

Acquisition Account

This account is used account for the initial purchase of securities with the proceeds of the issuance of the bonds.

Administrative Account

The Administrative account is used to account for the payment of program expenses when due.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund –

The Revenue Fund will account for all pledged revenues derived from the GNMA Securities, which shall be deposited with the trustee. Monies shall be deposited as follows: (a) on or before the fifteenth day of each month with respect to the GNMA Securities issued with respect to the GNMA I Program and (b) The third Business day following the twentieth day of each month with respect to GNMA Securities issued under the GNMA II Program. The Authority will cause all Pledged revenues derived from Fannie Mae Securities and Freddie Mac Securities, including payments from Fannie Mae or Freddie Mac pursuant to their respective guarantees thereof, to be deposited with the Trustee on or before the twenty-fifth day of each month. The Authority shall cause each Servicer to designate to the Trustee whether such moneys are derived from regularly scheduled principal payments, Prepayments, interest on First Mortgage Loans or other moneys with respect to the Certificates no later than three Business Days prior to the date of such payment. Investment earnings (net of losses) on each Fund and Account established pursuant to this Indenture (other than the Rebate Fund and the GSE Escrow Fund) shall be credited to the Revenue Fund.

Amounts on deposit in the Revenue Fund shall be transferred by the Trustee in the following amounts, on the following dates and in the following order of priority: On the Business Day preceding each Interest Payment Date or date of redemption of all or a portion of the Bonds (other than the Bonds secured by the GSE Escrow Fund prior to the Release Date), there shall be transferred (by ledger entry) into the Interest Account of the Bond Fund an amount sufficient, together with money on deposit therein, to pay the interest on the Bonds due on such Interest Payment Date or date of redemption of all or a portion of the Bonds; At the direction of the Authority, to the Rebate Fund, if and to the extent required by the Rebate Analyst and on the first Business Day of each month, to the Administrative Account of the Program Fund, one-sixth of the Trustee's Fee due and payable on the next subsequent Interest Payment Date; On the Business Day preceding each Interest Payment Date, after providing for the payments required by the Trustee shall transfer into the Administrative Account of the Program Fund the amount necessary to pay the Authority's Fee and the Program Administrator's Fee due and payable on the first Business Day of each month to the extent sufficient funds are not already on deposit therein; and On the Business Day preceding each Interest Payment Date, the balance, if any, for such Interest Payment Date shall be transferred to the Interest Account of the Bond Fund to pay interest due on the Bonds with the remainder to the Principal Account of the Bond Fund to pay principal.

In addition, moneys may be withdrawn to pay the accrued interest on bonds being redeemed and to pay the purchase price of bonds being purchased in lieu of redemption pursuant to the Indenture, to be applied to payment of such purchase price and credited against such redemption payments. To the extent that funds on deposit in the revenue fund are insufficient to pay the principal of and interest on the bonds due on the next payment date, notice shall be given to the Investment Agreement Provider to withdraw the amounts necessary to pay the principal of and interest on bonds due.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Revenue Fund (Continued)

In the event of any deficiency in the amount required to pay principal of or interest on the Bonds on any Interest Payment Date, the Trustee shall withdraw funds on deposit in the following funds in the following order of priority; first, the Reserve Fund, then the Administrative Account of the Program Fund and then the Redemption Account, but only if no notice of redemption has been given.

All payments received on the Certificates, subsequent to discharge of this Indenture, and all moneys held hereunder on such date of discharge shall be paid to the Authority subject to any liens thereon by the applicable Services.

Bond Fund –

Principal Account and Interest Account

The funds in the Principal account and the Interest account of the Bond Fund will be used to pay the principal of and interest due on the bonds on each interest payment date.

Redemption Account

All mortgage repayments and principal prepayments shall be deposited to this account and shall be applied to the redemption of bonds pursuant to the indenture.

Reserve Fund –

On the release Date of the Bonds, the Trustee shall deposit an amount made available to the Trustee in accordance with the Permanent Rate Term Sheets as required by the Rating Agency. Amounts to deposit in the Reserve Fund will be expended to pay regularly scheduled principal of and interest on the Bonds on any Interest Payment Date or redemption date on which there are insufficient moneys on deposit in the Interest Account, the Principal Account and the Revenue Fund and to pay the accrued interest portion of the Security Acquisition Price. On the date of purchase of each security, a portion of such amount on deposit in the Reserve Fund equal to the accrued interest component of such Security shall be immediately withdrawn from the Reserve Fund and paid to the Servicer as accrued interest. Amounts on deposit in the reserve Fund shall also be used to cure any cash deficiencies in the GSE Bond Escrow Fund. Amounts remaining in the Reserve Fund on the Interest Payment Date after the date of Permanent Rate applies shall be released to the Authority with written approval of the Rating Agency.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(2) Bond Restrictions

Rebate Fund –

Amounts deposited and held in the Rebate Fund shall not be subject to the pledge of the indenture and shall be used by the Trustee at such times and in such amounts to comply with rebate requirements of the code as instructed by the Authority. Not later than 30 days after the end of the fifth Bond Year and every fifth Bond Year thereafter, the Trustee shall, at the written direction of the Authority, pay to the United States of America at least 90% of the amount specified in writing by the Rebate Analyst required to be on deposit in the Rebate Fund as of such payment date and 100% of the investment earnings with respect to amounts on deposit in the Rebate Fund as of such payment date. Not later than 60 days after the final retirement of the Bonds, the Trustee shall pay to the United States of America 100% of the balance remaining in the Rebate Fund.

GSE Escrow Fund –

Proceeds of the GSE Program Bonds deposited to the GSE Escrow Fund in accordance with the Shortfall Amount deposited to the GSE Escrow Fund shall be held therein and invested in Permitted Escrow Investments until the Release Date. On the Release Date, the Trustee shall transfer amounts from the GSE Escrow Fund other than investment earnings to be used to pay interest on the Bonds on such Release Date to the Acquisition Account amounts specified in the Permanent Rate Term Sheet.

(3) Cash and Investments

Cash and Interest-Bearing Deposits

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Authority may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Cash and Interest-Bearing Deposits (Continued)

At March 31, 2010, the Authority had cash and interest-bearing deposits (book balances) of \$3,370,525, as follows:

<u>Accounts</u>	<u>Interest- Bearing Deposits</u>
Lafayette Consolidated Government	\$2,201,188
Lafayette Public Trust Financing Authority	<u>1,169,337</u>
 Totals	 <u>\$3,370,525</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Authority's deposits may not be recovered or the Authority will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of March 31, 2010, the Authority's bank balances were fully insured and collateralized with securities held in the name of the Lafayette Consolidated Government (the primary government) by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Investments

The Authority can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The Authority's investments are categorized to give an indication of the level of risk assumed by it at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Authority's name. All of the Authority's investments are considered Category 1.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (Continued)

At March 31, 2010, the Authority's investments totaled \$89,569,453. Investments consisted of the following:

	<u>Reported Amount</u>	<u>Fair Value</u>
General Fund -		
FNMA - Mortgage-backed securities	\$ 3,138	\$ 3,138
FNMA - Zero coupon bonds	16,698,800	16,698,800
U.S. Government obligations	<u>1,170,677</u>	<u>1,170,677</u>
	<u>17,872,615</u>	<u>17,872,615</u>
 Special Revenue Funds -		
Fidelity Treasury Money Market Funds	1,956,133	1,956,133
GSE - GIC	25,000,000	25,000,000
FHLM - Mortgage-backed securities	33,763,589	33,763,589
GNMA - Mortgage-backed securities	<u>10,977,116</u>	<u>10,977,116</u>
	<u>71,696,838</u>	<u>71,696,838</u>
 Total	<u>\$ 89,569,453</u>	<u>\$ 89,569,453</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (Continued)

Investments in the Special Revenue Funds are held by bond trustees in the following accounts:

Accounts	Fidelity Treasury MMA	GIC	FHLM Mortgage Backed Securities	GNMA Mortgage Backed Securities	Totals
2007 Bond Issue -					
Administrative	\$ 185,166	\$ -	\$ -	\$ -	\$ 185,166
Revenue	-	-	20,448,761	1,792,038	22,240,799
Principal and interest	97,691	-	-	-	97,691
Redemption	1,099,456	-	-	-	1,099,456
Rebate	24,518	-	-	-	24,518
	<u>1,406,831</u>	<u>-</u>	<u>20,448,761</u>	<u>1,792,038</u>	<u>23,647,630</u>
2007A Bond Issue -					
Administrative	108,288	-	-	-	108,288
Revenue	-	-	13,314,827	9,185,078	22,499,905
Principal and interest	101,144	-	-	-	101,144
Redemption	302,369	-	-	-	302,369
	<u>511,801</u>	<u>-</u>	<u>13,314,827</u>	<u>9,185,078</u>	<u>23,011,706</u>
2009 GSE Bond Issue -					
Cost of Issuance	37,501	-	-	-	37,501
Escrow	-	25,000,000	-	-	25,000,000
	<u>37,501</u>	<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>25,037,501</u>
Totals	<u>\$1,956,133</u>	<u>\$25,000,000</u>	<u>\$33,763,588</u>	<u>\$10,977,116</u>	<u>\$71,696,837</u>

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(3) Cash and Investments

Investments (Continued)

In accordance with GASB Statement No. 31, the Authority recognized the net increase (decrease) in the fair value of investments for the fiscal year ended March 31, 2010 detailed below. This amount takes into account all the changes in fair value (including purchases and sales) that occurred during the year.

General Fund -

FNMA - Zero coupon bonds	\$ 804,300
U.S. Government obligations	<u>32,362</u>
	<u>836,662</u>

Special Revenue Funds -

FHLM - Mortgage-backed securities	438,262
GNMA - Mortgage-backed securities	<u>171,508</u>
	<u>609,771</u>

Total	<u>\$ 1,446,433</u>
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(3) Capital Assets

Capital asset balances and activity for the year ended March 31, 2010 are as follows:

	Balance 4/1/2009	Additions	Deletions	Balance 3/31/2010
Land	<u>\$ 315,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,674</u>

(4) Notes Receivable

On August 10, 2006 the Authority financed the purchase of 14.61 acres by the Housing Authority of the City of Lafayette. This loan in the amount of \$425,000 is secured by a mortgage on the property and bears interest at a rate of 3% per annum accruing until the note is repaid when the Housing Authority's project is funded by Low Income Housing Tax Credits or in 5 years. Accrued interest receivable on the note as of March 31, 2009 is \$33,674. On November 4, 2009 the Board of Trustees of the Lafayette Public Trust Financing Authority agreed to restate the loan to a long term, no interest, cash flow loan to be a project funding source for the City of Lafayette Housing Authority tax credit affordable housing project known as Villa Gardens, Lafayette, Louisiana. A Signed Loan Agreement reflecting this agreement was executed on July 16, 2010 with a principal balance outstanding of \$463,250 which consists of the Original Loan amount and accrued and unpaid interest.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(4) Notes Receivable (Continued)

On January 18, 2010 the Authority agreed to periodically advance funds out of a \$400,000 non-interest bearing Loan allotted to the Lafayette Land Revitalization Authority in order to provide funding for the start up costs of the LLRA and for the ongoing operating costs of LLRA and the acquisitions of blighted properties by the LLRA. This Loan will be repaid from surplus cash.

On November 11, 2009 a not-for-profit corporation, The Cypress Trails Corporation was formed and subsequently entered into a partnership with The Housing Authority of the City of Lafayette as well as another limited partner to form the Cypress Trails Limited Partnership. The purpose of this enterprise is to develop an 80 unit elderly/permanent supportive new housing development. The development will consist of a community facility which will be available for tenants and will provide supportive services to the elderly and handicapped tenants. The development owner is applying for an allocation of 9% tax credits from the Louisiana Housing Finance Agency. Startup costs of this venture have been advanced by LPTFA in the amount of \$356,510 as of March 31, 2010. This Advance will be non-interest bearing and will be repaid from surplus cash.

(5) Bonds Payable

Series 2007, Single Family Mortgage Revenue Bonds, dated July 18, 2007 with a maturity date of January 1, 2041, bearing interest at the rate of 5.35% in the amount of \$28,800,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$1,000.

Series 2007A, Single Family Mortgage Revenue Bonds, dated December 13, 2007 with a maturity date of May 1, 2041, bearing interest at the rate of 5.70% in the amount of \$25,000,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$5,000.

Series 2009 GSE, Single Family Mortgage Revenue Bonds, dated December 21, 2009 with a maturity date of December 1, 2041, bearing interest at the rate of 3.21% in the amount of \$25,000,000. Interest on the bonds are payable on the first business day of each month.

Based upon monies in the Redemption Account plus mortgage repayments and principal prepayments during the month, Bonds may be redeemed monthly in minimum aggregate principal amounts of \$5,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(5) Bonds Payable (Continued)

The following is a summary of bond transactions of the Lafayette Public Trust Financing Authority for the year ended March 31, 2010:

Bonds payable, beginning of year	\$ 51,707,000
Add: Bonds issued	25,000,000
Less: Bonds retired	<u>(8,520,000)</u>
Bonds payable, end of year	68,187,000
Less: Unamortized bond issuance costs	(829,883)
Unaccreted bond discount	(77,500)
Add. Unamortized premium	<u>1,916,815</u>
	<u>\$ 69,196,432</u>

Principal outstanding on all bonds as of March 31, 2010 are as follows:

Series 2007	\$ 21,912,000
Series 2007A	21,275,000
Series 2009 GSE	<u>25,000,000</u>
	<u>\$ 68,187,000</u>

(6) Compensation of Board of Trustees

The Board of Trustees of the Authority receives no compensation and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation.

(7) Prior Years' Debt Defeasance

In prior years, the Lafayette Public Trust Financing Authority has defeased various bond issues by creating irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U. S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Authority's financial statements. As of June 30, 2007, the amount of defeased debt outstanding but removed from the financial statements amounted to \$18,720,000.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(8) Intergovernmental Agreement

Lafayette Public Trust Financing Authority entered into an agreement with the Lafayette Consolidated Government, beneficiary of Lafayette Public Trust Financing Authority, whereas the Authority will transfer monies to the City and the City shall maintain said monies for the benefit of the Authority. Unless directed otherwise, the City shall invest all funds in such a manner to maximize income from such funds that can safely be earned within the confines of law. The City shall disburse funds only upon direction of the Authority as evidenced by requisitions signed by the Authority's chairman. All requisitions in excess of five thousand dollars must be executed by both the chairman and secretary-treasurer of the Authority. The Authority shall reimburse the City annually an amount to be determined by the City's cost allocation plan for such services. As of March 31, 2010, the City is maintaining interest-bearing deposits and investments totaling \$2,204,326, which is reflected in the financial statements of the Authority.

(9) Joint Cooperative Agreement

Lafayette Public Trust Financing Authority entered into an agreement with the Lafayette Consolidated Government, whereas the Authority initially agreed to provide funds totaling \$250,000 on an "as requested" basis for the purpose of establishing and implementing a low interest revolving loan program to assist first time homebuyers in the Parish of Lafayette. Eligible participants may receive up to \$5,000, to be repaid at an interest rate of five percent (5%) per year for a loan term not to exceed fifteen (15) years. The funds may be used only for the purposes of offsetting closing costs and/or as a down payment.

This agreement commenced on February 5, 1998 and ended on December 31, 1998. The agreement automatically renews on a calendar year basis for successive terms of one year unless either party provides written notice of its intent to terminate. In the event of termination, Lafayette City-Parish Consolidated Government is obligated to distribute any funds collected as repayments from borrowers and/or remaining and available in program accounts to the Authority.

The Authority has approved additional funding and has funded this program in the amount of \$2,900,000 as of March 31, 2010, of which \$1,650,000 was funded in prior years. The financial activity, including the assets, liabilities, and net assets of this program are not reflected in these financial statements. An additional \$250,000 is approved and available to fund this program.

(10) Conduit Debt Obligations

On October 1, 2002, the Authority issued Revenue Bonds in the amount of \$19,065,000 to provide financial assistance to Ragin'Cajun Facilities, Inc., a Louisiana nonprofit corporation, for the development, design construction and equipping of a student apartment complex, food service facility and child care facility, including parking and other infrastructure at the University of Louisiana at Lafayette.

LAFAYETTE PUBLIC TRUST FINANCING AUTHORITY
Lafayette, Louisiana

Notes to Financial Statements

(10) Conduit Debt Obligations (Continued)

On October 1, 2002, the Authority also issued Revenue Bonds in the amount of \$17,840,000 to provide financial assistance to SLCC Facilities Corporation, a Louisiana nonprofit corporation, for the development, design, construction and equipping of a new college campus for students, faculty and staff of the South Louisiana Community College.

Revenues from the facilities constructed are pledged for the total payment of principal and interest. Bondholders can only look to these sources for repayment. Upon repayment of the bonds, ownership of the constructed facilities transfers to the respective corporations served by the bond issuance. These bonds are not direct or contingent liabilities of the Authority. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2010, there were two series of revenue bonds outstanding. The principal amount outstanding for these issues was \$31,505,000. The original issue amount of the bonds was \$36,905,000.

The Authority adopted a resolution on February 3, 2006 declaring its intent to develop and own an affordable apartment home development for the purpose of providing affordable rental apartment homes to low income individuals and families through the Louisiana Housing Finance Agency's Low Income Housing Tax Credit Program. On March 17, 2006, the Authority purchased approximately eight acres of land at a total cost of \$315,674 as a site for the development of this project. The Authority intends to use this land as part of the Cypress Trails Project.

The Authority also approved a contribution of \$20,000 to the School of Architecture Workshop of the University of Louisiana at Lafayette, contingent, jointly, upon approval of a grant application submitted by the School of Architecture Workshop and approval by the Authority's beneficiary. This amount is currently being funded through the payment of print brochures for the workshop.

The Authority, at a special meeting held on November 18, 2009, agreed to grant the Lafayette Consolidated Government \$850,000 for the Rosa Parks Transportation Center. This Grant was funded in May 2010.

(10) Subsequent Events

Subsequent to year-end the agreement with the Lafayette Consolidated Government to hold monies on behalf of the Authority ended and those funds were transferred to Regions Morgan Keegan per an executed custody agreement.

The Authority is in the process of issuing Revenue Bonds in the amount of \$27,000,000, related to various demolition, development, design and renovation of facilities related to UL-Lafayette. The issue has been approved by the Louisiana Bond Commission, but has not been completed as of the date of issuance of this report.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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+ RETIRED

The Board of Trustees
Lafayette Public Trust Financing Authority
Lafayette, Louisiana

We have audited the financial statements of the governmental activities and each major fund of Lafayette Public Trust Financing Authority (the Authority), as of and for the year ended March 31, 2010, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated September 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.



Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies. 2008-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned cost. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the Lafayette Public Trust Financing Authority and is not intended to be and should not be used by anyone other than this specified party. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
September 30, 2010

LAFAYETTE PUBLIC TRUST FINANCE AUTHORITY

SCHEDULE OF CURRENT YEAR FINDINGS FOR THE YEAR ENDED MARCH 31, 2010

We have audited the financial statements of the Lafayette Public Trust Finance Authority as of and for the year ended March 31, 2010, and have issued our report thereon dated September 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Our audit of the financial statements of March 31, 2010 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiencies	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Section II - Financial Statement Findings

2008-1 Financial Reporting

Finding:

The Authority does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Recommendation: The Authority should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable for the current year.

LAFAYETTE PUBLIC FINANCE AUTHORITY

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED MARCH 31, 2010**

Section I. Internal Control and Compliance Material to the Financial Statements

2008-1 Financial Reporting

Finding:

The Authority does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Recommendation: The Authority should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Follow-up:

This finding is still outstanding as of March 31, 2010, and is included in the schedule of current year findings as 2008-1.

2009-1 Financial Reporting

Finding:

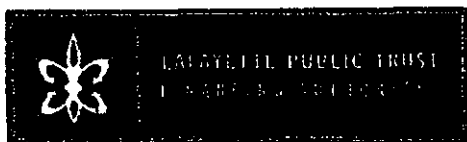
The Authority does not have proper procedures in place to ensure this timely filing of its annual audited financial statements within the deadlines provided by the Louisiana Legislative Auditor.

Recommendation:

The Authority should adopt measures to ensure timely submission of information to the audit firm, and to ensure that the audit firm completes and submits the annual audit within six months of its fiscal year end.

Follow-up:

This finding has been resolved as of March 31, 2010.



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**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED MARCH 31, 2010**

The Lafayette Public Trust Financing Authority respectfully submits the following corrective action plan for the year ended March 31, 2010.

The finding from the March 31, 2010 Schedule of Current Year Findings is discussed below. The finding is numbered consistently with the numbers assigned in the schedules.

Finding No. 2008-1

Recommendation: The Authority should evaluate the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP to determine if it is in the best interest of the government to outsource this task and then carefully review the draft financial statements and related footnotes prior to approving them and accepting responsibility for their contents and presentation.

Action Taken: The Authority has evaluated the cost vs. benefit and has determined that outsourcing the preparation of the financial statements to the independent auditors is in the best interest of the Authority at this time, and will carefully review and approve the draft financial and related footnotes prior to issuance.

Follow up: This finding is still outstanding at September 30, 2010.

If the Louisiana Legislative Auditor has questions regarding this plan, please contact John Arceneaux, 910 Harding Street, Lafayette, Louisiana 70503.

Sincerely yours,

John Arceneaux

Chairman, Lafayette Public Trust Financing Authority